GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:15
ANSWERED ON:10.08.2007
OPENING OF BRANCHES BY FOREIGN BANKS
Mehta Shri Bhubneshwar Prasad;Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

(a) total number of foreign banks including ICICI which have been permitted by the Government for opening of new branches as on June 30, 2007;

(b) the total number of foreign banks functioning in the country as on June 30, 2007 alongwith total number of branches thereof;

(c) the guidelines issued to foreign as well as country`s private sector banks for granting loan to priority sector including agriculture sector and for opening branches in rural areas;

(d) whether the foreign and private sector banks are complying with the said guidelines;

(e) if so, the details thereof;

(f) whether concrete steps to face competition from foreign banks has been / is being taken by the Government of India; and

(g) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)& (b) : The information regarding the foreign banks and ICICI Bank (a private bank) is being collected and will be laid on the Table of the House to the extent available.

(c) to (e): Reserve Bank of India has issued revised guidelines on lending to priority sector by banks on 30 April, 2007 to, inter-alia, include only those sectors as part of the priority sector, that impact large sections of the population, the weaker sections and the sectors which are employment-intensive such as agriculture, and tiny and small enterprises. As on last reporting Friday of March, 2007, lending to priority sector by private sector and foreign banks, was Rs. 1,43,768 crore (42.71% of NBC) and Rs. 37,835 crore (33.40% of NBC) respectively, as against a target of Rs. 1,34,636 crore (40% of NBC) for private sector banks and Rs. 36,251 crore (32% of NBC) for foreign banks. As regards opening of branches in rural areas, the information is being collected and will be laid on the Table of the House to the extent available.

(f) & (g):To facilitate quick and efficient decision-making and to provide Bank Boards sufficient managerial autonomy to be able to compete internationally, Government announced an Autonomy Package on 22.02.2005 for the public sector banks. Further, responding to the new products and innovative delivery channels used by the competitors, public sector banks have geared themselves by using Information Technology in their day-to-day operations, by improving customer service and by offering innovative and technology based value added services such as establishing customer grievances redressal mechanism, setting up of 24 hours customer helplines, providing technology based value added services like internet banking mobile banking, ATM / debit cards, etc.